



PO Box 160099 Big Sky, MT 59716

December 19, 2014

Dear Spanish Peaks Club Owners,

For your information and review, the attached 2015 budget was approved by the Board of Directors with a total budget of \$340,000, unchanged from 2014 (see **Schedule 1** attached). As most of you know from prior communications, absent unforeseen events, the Board's focus is to maintain the budget at this monetary level and, thereby, hold individual owner assessments constant. From our previous conversations, 2015 will continue the theme of reserving more dollars for future, long-term capital expenditures while offsetting such increased reserve deposits with reductions in selected improvements at the Complex. We will prudently continue to improve the Complex as necessary with smaller expenditures than in the past. The following review explains the major points:

- 1) **Administrative** section: The subject costs have been **reduced** by about **\$1,500** for 2015 (total \$44,765). The reduction was principally due to lower expected Assessment Contingency. Consistent with past practice, insurance cost and the associated insurance coverage will be discussed at the Annual Owners' Meeting in more detail. At the time of this writing, the insurance coverage for 2015 is being finalized and, thus, there may be some adjustments in expected costs. SPC's coverage continues to cover guaranteed replacement cost for property damage, subject to deductibles. On a related point, all owners should remember that personal property coverage is an optional, owner responsibility, whereas pursuant to the terms of the Association's Declaration, **each owner must maintain at least \$300,000 in liability coverage.**
- 2) **Maintenance** section: The subject costs reflect an **increase** of about **\$9,000** (total \$196,200). Electric – Buildings/Ice Melt costs are forecasted to increase by \$2,500 (to total \$55,000) due to the forecasted power requirements of the ice melt system. Through the assistance of Hammond Property Management, SPC is attempting to manage these costs by monitoring snow conditions and the corresponding adjustment in operation of the system—keeping in mind that the system does have operational limitations. The expected increase in power costs are in addition to increases in Building Repairs/Maintenance, Garbage and Water/Sewer. An updated project list will be reviewed at the March 2015 Owners' meeting with more specificity.
- 3) **Recreation & Clubhouse** section: The subject costs have **decreased** by **\$1,500** (total \$26,200). The reduction was due to decreases in Propane and Water/Sewer costs.

- 4) **Reserves** section: Total expected deposits have **decreased** by approximately **\$6,000** (total \$72,835) principally due to no deposits for Painting/Staining. As was the case in 2014, SPC continues to reserve for future roof replacement in the 2020-2025 time horizon.

In summary, for 2015, the average annual dues per unit are once again expected to be \$6,181, unchanged from recent years. As noted in previous years, compared to other complexes in Big Sky with similar amenities that the Complex offers, SPC's owner assessment remains in the lower cost quartile. Our continued challenge, for 2015 and beyond, is to prudently grow SPC's reserves and continue to improve the Complex without increasing assessments. As you may know, the Board takes collection of assessments very seriously and manages SPC's precious cash as optimally as possible. In considering the interests of all paying owners, virtually all owners have met this responsibility and I thank you for honoring your payment commitment. Consistent with past practice, please rest assured that the Board and Hammond Property Management remain committed to "stretching" your assessment dollars.

I hope to see you on **Friday, February 13, 2015 (9:00 a.m.)** at the annual Owners' Meeting. In the interim, the Board wishes you and your family a happy holiday season and a prosperous 2015!

Jim Hammelman
Treasurer

SPC Condominium Association, Inc.
Schedule - Budget Comparison

	<u>Current Year</u>	<u>Next Year</u>
	55 Units Budget 12 Months	Proposed Budget 2015
Administrative		
Accounting	6,600	6,600
Corporate Fee	15	15
Bank Charges	150	150
Insurance	33,000	34,000
Interest Expense	500	500
Legal	1,000	1,000
Assessment Contingency	2,500	0
Miscellaneous	500	500
Office / Postage	2,000	2,000
Total	<u>46,265</u>	<u>44,765</u>
Maintenance		
Building Repairs/Maintenance	3,000	7,000
Electric - Buildings/Icemelt	52,500	55,000
Fireplace Inspections	4,200	3,200
Fire Suppression Inspect/Maint	5,500	5,500
Garbage	9,800	12,000
Landscaping Maintenance	18,000	18,000
Improvements	9,985	10,000
Management	55,500	55,500
Snow Removal - Roads	17,500	17,500
Roof Shoveling/Maint./Repairs	8,000	8,000
Water/Sewer - Grounds	3,000	4,500
Total	<u>186,985</u>	<u>196,200</u>
Recreation & Clubhouse		
Electricity	6,500	6,500
License	100	100
Propane	8,000	7,000
Repairs/Maintenance	6,000	6,000
Supplies	1,000	1,000
Internet Service	600	600
Television	1,500	1,500
Water/Sewer	4,000	3,500
Total	<u>27,700</u>	<u>26,200</u>
Total Operating Budget	<u>260,950</u>	<u>267,165</u>
Reserves		
Roof	65,050	65,050
Road	2,000	2,000
Betterment/Replacement	2,000	5,785
Painting/Staining	10,000	0
Total Reserves	<u>79,050</u>	<u>72,835</u>
Total Budget	<u><u>340,000</u></u>	<u><u>340,000</u></u>

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